(*b*) to authorise the making of charges for the purposes of the regulations or for any services, performed thereunder, and to provide for the recovery of charges so made;

(*c*) to make such ancillary and incidental provisions as appear to Government to be necessary or desirable.

STATEMENT OF OBJECTS AND REASONS

The adulteration of food-stuffs and drugs is fast developing into a menace to the health of the nation. In fact it is becoming so common that the majority of people even appear rather indifferent to the problem and its serious consequences. A suitable Central enactment, embracing both food and drugs, has thus become a vital necessity. The Bill seeks to fulfil this purpose in a large measure and contains in it several features which distinguish similar legislation in the United Kingdom and the United States of America, countries which have registered a remarkable advance in this direction.

H. V. KAMATH.

BILL NO. 31 OF 1951

A Bill further to amend the Insurance Act, 1938

BE it enacted by Parliament as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Insurance (Amendment) Act, 19 .

(2) It shall come into force at once.

2. *Amendment of section 28, Act IV of 1938.*—In section 28 of the Insurance Act, 1938 (hereinafter referred to as the said Act),—

(i) in sub-section (2) the following shall be added at the end, namely:—

"The forms of returns referred to in sub-section (1) and this sub-section will be prescribed by Government"; and

(ii) after sub-section (5), the following new sub-section (6) shall be added, namely:—

"(6) The forms of returns shall be so prescribed that they will also show the investments made out of the controlled fund referred to in section 27-A, with the necessary classifications and details."

3. *Omission of section 28-A, Act IV of 1938.*—Section 28-A of the said Act shall be omitted.

4. *Amendment of section 29, Act IV of 1938.*—In section 29 of the said Act,—

(i) the *Explanation* to sub-section (3) shall be omitted;

(ii) in sub-section (4) for the words "within one year from such commencement" the following shall be substituted, namely:—

"within such time as is prescribed in an agreement recording a mutually settled arrangement for its repayment, such arrangement being arrived at with the consent of all the Directors present at a meeting and eligible to vote. In case no such agreement is arrived at, the same shall be repaid within five years from such commencement"; and

(iii) in sub-section (6)—

(a) for the words "the insurer" the words "any insurer" shall be substituted; and

(b) the words,—

(i) "granting the loan"; and

(ii) "of one year or three months, as the case may be" shall be omitted.

5. *Omission of section 31-A, Act IV of 1938.*—Section 31-A of the said Act shall be omitted.

6. *Omission of section 32-A, Act IV of 1938.*—Section 32-A of the said Act shall be omitted.

7. *Amendment of section 40-A, Act IV of 1938.*—In section 40-A of the said Act,—

(i) in clause (c) of sub-section (2) after the words "first year's premium" the words "and one per cent on each renewal premium" shall be inserted.

(ii) after sub-section (2) the following new sub-section (2-A) shall be inserted, namely:—

"(2-A) No Insurer shall pay or contract to pay to a Chief Agent and no Chief Agent shall receive or contract to receive by way of commission or remuneration in any form in respect of any policy of Life Insurance issued in India by an Insurer after the 31st December 1950, and effected through a Chief Agent an amount exceeding—

(a) where the policy grants an immediate annuity or a deferred annuity in consideration of a single premium, or where only one premium is payable on the policy, one per cent of that premium;

(b) where the policy grants a deferred annuity in consideration of more than one premium, four and a half per cent of the first year's premium and one per cent of each renewal premium, payable on the policy; and

(c) in any other case, thirty per cent of the first year's premium and two and a half per cent of the first year's premium, payable on the policy:

Provided that in a case referred to in clause (c), an Insurer, during the first ten years of his business, may pay to a Chief Agent and a Chief Agent may receive from such an Insurer, thirty-two and half per cent of the first year's premium payable on the policy."

8. *Amendment of section* 44, *Act IV of* 1938.—In clause (b) of the proviso to sub-section (44) of the said Act, after the words "at least five years",—

(i) the words "after his ceasing to act as such agent, he does not directly or indirectly solicit or procure insurance business for any other Insurer, and that" shall be inserted; and

(ii) the word "and" shall be omitted.

9. *Amendment of the Sixth Schedule, Act IV of* 1938.—In the Sixth Schedule to the said Act, in Part C, (i) for paragraph 2, the following shall be substituted, namely:—

"2. The special agent shall employ and keep employed at least five insurance agents and shall cause to be procured through insurance agents employed under him in each calendar year organized and completed new business amounting to not less than fifty thousand rupees assured."; and

(ii) in paragraph 3 for the word "fifty" the words "thirty-three and one-third", shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The following notes on Clauses indicate clearly the objects and reasons for the amendments proposed in this Bill:—

Clause 2.—Multiplicity and duplication of returns is not desirable. A form can easily be prescribed so as to exhibit in one form all the information required for the purposes of sections 27 and 27-A.

Clause 4.—Grants of advances to new agents and new special agents are unnecessary and inconsistent with the whole conception underlying the limitation of advances.

The period of one year allowed at present is too short and insures non-recovery rather than aiding or inducing recovery. The Act should aim at making actual and substantial recovery possible.

It is but proper that a person who makes a default should be prohibited from working for any Insurer. Otherwise there will be obvious anomalies and difficulties, in case defaulter is allowed, after the default, to work with another Insurer.

Clauses 5 *and* 6.—These new provisions will act as a deterrent to capable persons throwing their full weight into the expansion of business, and will act as unnecessary restrictions on the activities of persons of high and varied ability.

Clause 7.—Non-limitation of the expenditure on commission in the solitary case of the Chief Agency appears to be a grave omission in the Act. There is no reason why the principle of limitation of expenses which the Act extends to all and sundry is kept in abeyance with regard to the single category of the Chief Agent. The rates suggested are the average rates obtaining in India at present.

The Special Agency method of organization is a comparatively cheap method most suitable in the present condition of the business. It is calculated to extend and popularise life Insurance speedily. Hence the special

agency contract must be made attractive and remunerative. It must offer benefits of semi-permanent income to a person so that he will stick to the business as well as the Insurer. Hence the suggestion to provide for Renewal commission.

Clause 8.—It is not sound policy to provide for continuance of commission even in case of a person who joins another Insurer. This will exert a dissipative force amongst the workers of an Insurer. A smaller number of years is prescribed in Clause (b) of the Proviso to section 44 (1) as a condition of continuous service period in view of the smaller percentage provided in that case.

Clause 9.—The special agent should be judged on his organized work only. His personal work need not be taken into account when judging his eligibility to commission. He must employ and keep employed a sizable number of agents. Two is too small a number. The existing condition as to receipt of full year's premium is too harsh and repels intending workers. Such a condition is not imposed elsewhere in the Act where minimum qualifying business is laid down, *e.g.*, in Part B of this Schedule which applies to Chief Agents.

P. S. DESHMUKH.

BILL NO. 34 OF 1951

A Bill to provide for the constitution and incorporation of Bar Councils for High Courts and an All-India Bar Council for the Supreme Court.

BE it enacted by Parliament as follows :—

PRELIMINARY

1. *Short title, extent and commencement.*—(1) This Act may be called the All-India Bar Councils Act, 19 .

(2) It extends to the whole of India and shall apply to the High Courts of Judicature at Fort William in Bengal, and at Madras, Bombay, Nagpur, Patna, Orissa, Punjab, and to such other High Courts within the meaning of clause (24) of section 3 of the General Clauses Act, 1897, as the State Government may and by notification in the Official Gazette declare to be High Court to which this Act applies.

(3) This section and sections 2, 26, 27 and 28 shall come into force at once, and the State Government may, by notification in the Official Gazette, direct that the other provisions of this Act, or any provision thereof specified in the notification, shall come into force in respect of any High Court to which this Act applies on such date as it may by the notification appoint.

2. *Interpretation.*—In this Act, unless there is anything repugnant in the subject or context,—

(a) "Advocate" means an advocate entered in the roll of advocates of the Supreme Court or of a High Court under the provisions of this Act.

(b) "Advocate-General" unless otherwise stated expressly or by implication, when there is no Advocate-General, the Government